

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Finance and Tax Committee

BILL: SB 1178

INTRODUCER: Senator Haridopolos

SUBJECT: Cost and Benefit Analysis of Legislation

DATE: February 18, 2010

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Johansen	McKee	FT	Favorable
2.			WPSC	
3.			RC	
4.				
5.				
6.				

I. Summary:

Chapter 216, Florida Statutes, the planning and budgeting law, provides guidelines to the Governor, the judicial branch and state agencies for developing and submitting legislative budget requests and administering legislative appropriations. Sections 216.133-137, F.S., provide for a consensus estimating conference process with 10 distinct consensus estimating conferences.

There are separate conferences responsible for economic, demographic and revenue forecasts, plus additional conferences focused on specific budgetary and program areas. These conferences develop official estimates of revenues, workload, expenditures, and other information related to budgeting. Executive agencies and the judicial branch are required to use official information developed by the conferences for planning and budgeting purposes. The principals of the conferences are professional staff of the Executive Office of the Governor and of the Legislature.

Paragraph (d) of subsection 216.137(1), F.S., provides for special impact sessions of consensus estimating conferences to develop estimates of the impacts of proposed changes to laws affecting revenues or budgetary programs. Subsection 216.136(3), F.S., charges the Revenue Estimating Conference (REC) with developing information related to state and local government revenues.

SB 1178 creates section 216.138, F.S., and allows the Speaker of the House or the Senate President to request that special impact sessions of the Revenue Estimating Conference consider both the costs and benefits of the legislation being analyzed.

II. Present Situation:

Chapter 216, Florida Statutes, the planning and budgeting law, provides guidelines to the Governor, the judicial branch and state agencies for developing and submitting legislative budget requests and administering legislative appropriations. Sections 216.133-137, F.S., provide for a consensus estimating conference process. Section 216.136, F.S., establishes 10 consensus estimating conferences:

- (1) Economic Estimating Conference
- (2) Demographic Estimating Conference
- (3) Revenue Estimating Conference
- (4) Education Estimating Conference
- (5) Criminal Justice Estimating Conference
- (6) Social Services Estimating Conference
- (7) Workforce Estimating Conference
- (8) Early Learning Programs Estimating Conference
- (9) Self-Insurance Estimating Conference
- (10) Florida Retirement System Actuarial Assumptions Estimating Conference

These conferences develop official estimates of revenues, workload, expenditures, and other information related to planning and budgeting. The principals of the conferences include professional staff of the Executive Office of the Governor and of the Legislature.

Conference principals can convene conferences and are generally responsible for developing and choosing the forecasts. Participants may be requested to provide alternative forecasts and to generate supporting information. All conferences are open, public meetings. Consensus estimating conferences are deemed to be within the legislative branch.

Under Florida's consensus process, every forecast or estimate is adopted by unanimous agreement of the conference principals. (Subsection 216.133(3), F.S., defines "consensus" as "the unanimous consent of all of the principals.") The consensus process, in effect, gives each principal a veto over adopting any specific forecast or estimate.

All state agencies and the judicial branch must use the official results of the conference in carrying out their duties under the state planning and budgeting system; however, the Legislature is not bound to use the official consensus forecasts. Nevertheless, since the early 1970's, the Florida Legislature has consistently used the results of these conferences in its official duties.

Conference principals generally meet in a series of regularly scheduled estimating conferences to provide the forecasts needed to support the planning and budgeting process. Special impact conferences are held when estimates are needed to determine the impact of changes or proposed changes to current law or current administration.

The forecasts agreed to by consensus estimating conferences constitute "official information." Subsection 216.134(1), F.S., provides that conference estimates be based on the assumption that current law and current administration remain in effect for the duration of the forecast period unless otherwise provided by law. Beyond the current law/current administration requirement, Chapter 216 does not generally specify the official information to be developed by any particular

conference nor does it specify the techniques each conference must utilize to produce estimates and generate forecasts. Rather, subsection 216.134(1), F.S., states: “Each consensus estimating conference shall develop such official information within its area of responsibility as the conference determines, by consensus, is needed for purposes of the state planning and budgeting system.” This broad directive has allowed the consensus estimating conference process to adapt to needs of the planning and budgeting process as events warrant.

III. Effect of Proposed Changes:

Section 1 of SB 1178 creates section 216.138, F.S. It provides that, upon request of the Speaker of the House or the President of the Senate, special impact sessions of the Revenue Estimating Conference (REC) will consider both the costs and benefits of proposed legislation. Requests for cost/benefit analysis must be made at least 90 days before the beginning of a legislative session. The REC must complete cost/benefit analyses requested by the Speaker or the President no later than the start of the legislative session. Information used to develop the cost/benefit analysis must be made available to the public.

Section 2 of the bill provides that by October 1, 2010, the Legislative Office of Economic and Demographic Research will develop protocols and procedures for the cost/benefit analysis established in Section 1 of the bill. The “protocols and procedures” must establish the appropriate economic techniques to be used, reporting formats, linkages to appropriations and revenue forecasting processes, and any statutory changes needed. The “linkages” to appropriations and revenue forecasting processes must be consistent with Florida’s constitutional requirement to maintain a balanced budget. Upon approval by the President of the Senate and the Speaker of the House, the protocols and procedures will be followed in furtherance of cost/benefit analyses undertaken pursuant to section 216.138, F.S., created in Section 1 of the bill.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The Legislative Office of Economic and Demographic Research (EDR) estimates that it will need two FTEs and approximately \$240,000 of general revenue in FY 2010-11 to comply with the legislation as written. If the bill is broadened beyond cost/benefit analysis to require consideration of macro and micro economic behaviour responses to law changes, key elements of what is commonly referred to as “dynamic scoring”, a first year appropriation of \$502,000 would be required.

VI. Technical Deficiencies:

The legislation requires the REC to provide all information used to develop cost/benefit analyses to the public. Currently all consensus estimating conference sessions are open to the public. However, the REC occasionally considers confidential taxpayer information when developing revenue estimates and as part of special impact sessions. For example, s. 213.053, F.S., establishes the confidentiality of specific taxpayer information provided to the Florida Department of Revenue. Subsection 213.053(8)(g) authorizes the Department of Revenue to share confidential information with the REC for purposes of developing official estimates. The REC would be unable to obtain and use such information if it had to be provided to the public. In order to maintain the ability of the REC to consider all relevant information, the cost/benefit information sharing requirement should contain an exception for confidential information exempt from s. 119.07(1), F.S.

VII. Related Issues:

None.

VIII. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
